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IN THE
Supreme Court of the United States

OCTOBER TERM, 1991

TWO PESOS, INC.,

Petitioner,

—v.—

TACO CABANA INTERNATIONAL, INC.,
and TACO CABANA, INC.,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE FIFTH CIRCUIT

**BRIEF OF PRIVATE LABEL MANUFACTURERS
ASSOCIATION AS AMICUS CURIAE IN SUPPORT
OF REVERSAL OF THE DECISION BELOW**

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QUESTION PRESENTED

Whether product designs and packaging—trade dress—are protectable under Section 43(a) of the Lanham Act without a showing of secondary meaning merely because such trade dress is “inherently distinctive?”

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**BRIEF OF PRIVATE LABEL MANUFACTURERS
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Pursuant to Rule 37 of the Supreme Court Rules, Private Label Manufacturers Association ("PLMA"), with the consent of the parties, submits this brief as *amicus curiae* in support of reversal of the decision below.¹

¹ The written consents of all parties to the filing of this *amicus* brief have been filed with the Clerk of the Court in compliance with Rule 37.3 of the Supreme Court Rules.

INTEREST OF AMICUS CURIAE

PLMA is a non-profit trade organization which represents more than 1,200 companies involved in the manufacture and distribution of store brands—products that are sold under the retailer's or wholesaler's brand name in supermarkets, drug chains and mass merchandisers throughout the United States. These products include food, beverages, snacks, health & beauty aids, over-the-counter drugs, household cleaners and chemicals, outdoor and leisure products, auto aftercare and general merchandise.

"Private label" or "store brand" products account for nearly 20% of supermarket sales volume and 25% of sales at major drug chains. For the consumer, private label provides the opportunity to regularly purchase quality food and non-food products at substantial savings and serves as a competitive alternative to national brands. By purchasing private label brands, consumers save 26% on a typical trip to the supermarket and 38% on a typical visit to a major drug chain.²

Although the dispute in this case arises in the context of two restaurants employing a southwestern or Mexican motif, the legal issue before this Court, *i.e.*, the continued viability of "secondary meaning" as a requisite legal element of protectable trade dress, has significant legal and economic ramifications which go far beyond the narrow interests of the parties. PLMA has a direct and substantial interest in the preservation of open, competitive markets in which manufacturers may sell high-quality goods to consumers at reasonable prices. PLMA's *amicus* submission is intended to bring such considerations to the attention of this Court and to demonstrate the importance of secondary meaning in trade dress lit-

² *Industrial Design Protection: Hearings Before the House Subcommittee on Courts, Intellectual Property, and the Administration of Justice of the Committee on the Judiciary*. 101st Cong., 2d Sess., p. 528 (1990) (Statement of Brian Sharoff, President, Private Label Manufacturers Association) (hereafter, *Hearings*).

igation and the substantial adverse consequences flowing from its elimination.

Since the vast majority of private label purchases are on-the-spot decisions, consumers often rely on the appearance, shape and size of the product, as well as the design of the packaging—the so-called "trade dress" of the item—to identify the category, type or nature of the store brand product. Manufacturers and others in the distribution chain assume the burden of such consumer education, while at the same time being vigilant to avoid confusion as to source of manufacture or designation of origin.

SUMMARY OF ARGUMENT

PLMA submits this *amicus* brief in support of reversal of the Fifth Circuit Court of Appeals decision to the extent that it would eliminate "secondary meaning" as a required element of protectable trade dress. The federal law of unfair competition, which Section 43(a) of the Lanham Act has codified, has its roots in the tort of deceit. The law is intended to protect consumers from confusion as to the source or origin of the product by requiring an association between the appearance of the product and the producer's identity, reputation and goodwill.

Secondary meaning traditionally has been the touchstone of trade dress infringement cases. Where dealing with statutorily unprotected designs or shapes, and where there is no issue of "palming off," the appropriate legal standard is avoidance of confusion of the source or origin of the product not mere similarity of appearance.

It is essential that the courts recognize and protect the public interest by preserving the balance between free and fair competition in the marketplace and the limited and carefully circumscribed monopolies inherent in the statutory protections provided by the patent, trademark and copyright laws. The temptation to judicially expand these statutory monopolies under the guise of "trade dress" to a myriad of statutorily unprotected shapes, forms, sizes and appearances of

commonplace products must be carefully scrutinized and avoided.

The Fifth Circuit holding would bestow an unwarranted monopoly on producers, unlimited in time, scope and geographic area, based solely upon evidence produced in a single case that the appearance of the subject product is "inherently distinctive." The Fifth Circuit's decision, unless reversed, will permit a manufacturer to use unregistered product designs and packaging as a sword to limit competition under federal law without first establishing that such design or appearance has acquired an association in the consumer's mind with the product's source. PLMA submits that such a radical extension of trade dress protection will inure to the detriment of private label manufacturers, distributors and their employees and to consumers, as well, by limiting the range of product and packaging design necessary for private label manufacturers to compete effectively with higher-priced "brand name" goods.

The anti-competitive effect of the Fifth Circuit decision, the current economic climate of the United States,³ and prior

³ The civilian unemployment rate in February, 1992 was 7.3%. 46 Daily Lab. Rep., p. B-1 (BNA) Mar. 9, 1992. This is the highest level of unemployment since July, 1990. More than 300,000 jobs have been lost in the United States since October, 1991. 27 Daily Lab. Rep., p. B-1 (BNA) Feb. 10, 1992. Although the Fifth Circuit's decision would be of concern to private label manufacturers in all economies, the opinion is particularly detrimental to manufacturers and consumers in the present recessionary environment because consumers turn to less expensive private label goods as a means of lowering their costs. See e.g., Scott Hume, *Recession Fears Fuel Coupon Use*, ADVERTISING AGE, Feb. 18, 1991 at 12 (half of shoppers surveyed said they have increased their purchase of private label and store brand products because of recession); Dan Wascoe, Jr., *Brand Disloyalty, Shoppers Cut Ties To Certain Products As They Put Higher Priority On Prices*, MINNEAPOLIS STAR TRIBUNE, Dec. 5, 1991 at 10 ("[F]or many shoppers, tough times have meant putting higher priority on prices than on brands."); Bob Gatty, *The Recession: Lessons and Opportunities*, GROCERY MARKETING, May 24, 1991 at 1 ("To cope with more difficult economic times . . . consumers are stocking up on specials, buying more private label brands, and making more impulse purchases when they find bargains."); Paul Farhi, *Flash And Glamour In Ads Give Way To Hard-Sell On Quality And Value*, L.A. TIMES, Dec. 27, 1990 at 13, (sales of cheaper generic goods historically rise as economy tightens).

decisions of this Court all underscore the need to affirm the continued vitality of secondary meaning in the area of trade dress and to leave the marketplace open to products which, without creating confusion between one product source and another, have a similar pleasing and/or educative design or dress and are lower in cost to the American consumer.

Finally, because trade dress and trademarks are not always the same, and because competitors can look to no public register of trade dress for potential conflicts, they are put to the impossible burden under the Fifth Circuit's decision to determine *in advance* whether a product's design or packaging in the marketplace is "inherently distinctive." It is the better policy, and the one consistent with Congressional intent, to limit trade dress protection to dress which is possessed of secondary meaning.

ARGUMENT

POINT I

SECONDARY MEANING IS THE FOUNDATION OF SECTION 43(a) TRADE DRESS ANALYSIS

The tort of unfair competition has been codified in the federal law by Section 43(a) of the Lanham Act, as amended, 15 U.S.C.A. § 1125(a) (1982 & Supp. 1991).⁴ By enacting Sec-

⁴ Section 43(a), as amended, provides in relevant part:

(a) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, false or misleading representation of fact, which—

(1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

tion 43(a), which, in the words of this Court, "creates a federal remedy for making 'a false designation of origin or any false description or representation, including words or other symbols tending falsely to describe or represent the same[.] . . .'" Congress has thus given federal recognition to many of the concerns which underlie the state tort of unfair competition." *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 166 (1989). "[T]he common-law tort of unfair competition has been limited to protection against copying of nonfunctional aspects of consumer products which have acquired secondary meaning *such as they operate as a designation of source.*" *Id.* at 158 (emphasis added); *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 851, n.11 (1982); see also *Armstrong Paint & Varnish Works v. Nu-Enamel Corp.*, 305 U.S. 315, 336 (1938), *reh'g denied*, 305 U.S. 675 (1939); *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 122, *reh'g denied*, 305 U.S. 674 (1938); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, *reh'g denied*, 376 U.S. 973 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, *reh'g denied*, 377 U.S. 913 (1964).⁵ Thus,

(2) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act. 15 U.S.C. § 1125(a).

⁵ The circuit courts and commentators are in accord. *Coach Leatherware Co., Inc. v. AnnTaylor, Inc.*, 933 F.2d 162, 168 (2d Cir. 1991) ("secondary meaning—the consuming public immediately identifies the product with its maker"); *Application of Mogen David Wine Corp.*, 328 F.2d 925, 932 (C.C.P.A. 1964) ("design of the decanter bottle, when associated in the purchasing public's mind with appellant's wines, may have acquired the attributes of a registrable trademark"); *Sicilia Di R. Biebow & Co. v. Cox*, 732 F.2d 417, 425, n.4 (5th Cir. 1984) (prime element of secondary meaning "is a mental association in buyers' minds between the alleged mark and a single source of the product.") (emphasis in original) (quoting 1 J. MCCARTHY, *TRADEMARKS & UNFAIR COMPETITION* § 15.2 at 659 (2d ed. 1984)); *Esercizio v. Roberts*, 944 F.2d 1235, *reh'g denied*, 1991 U.S. App. LEXIS 31362 (6th Cir. 1991) ("similarity of products alone is not actionable; there must also be confusion as to the origin of the product") (citing *West Point Mfg. Co. v.*

"[t]he law of unfair competition has its roots in the common-law tort of deceit; its general concern is protecting consumers from confusion as to source." *Bonito Boats*, 489 U.S. at 157 (emphasis added).⁶

"[I]t is difficult to see how the public can be deceived without at least associating the product with a particular origin." *Developments in the Law—Competitive Torts*, 77

Detroit Stamping Co., 222 F.2d 581, 589 (6th Cir.), *cert. denied*, 350 U.S. 840 (1955)); *A.J. Canfield Co. v. Vess Beverages, Inc.*, 796 F.2d 903, 907 (7th Cir. 1986), *vacated on other grounds*, 859 F.2d 36 (7th Cir. 1988) ("A term acquires secondary meaning when the consumer associates it with the producer rather than the product."); *Truck Equipment Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1219 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976) ("[A] name, mark, or symbol . . . may become so associated in the public mind with such goods . . . that it serves to identify them and distinguish them from the goods.") (quoting *Shoppers Fair of Ark., Inc. v. Sanders Co.*, 328 F.2d 496, 499 (8th Cir. 1964)); *Fuddrucker, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837, 843 (9th Cir. 1987) ("The trade dress of a product or service attains secondary meaning when the purchasing public associates the dress with a particular source."); *Ambrit, Inc. v. Kraft, Inc.*, 805 F.2d 974, 979, n.14 (11th Cir. 1986), *cert. denied*, 481 U.S. 1041 (1987) ("Secondary meaning is the connection in the consumer's mind between the mark and the product's producer, whether that producer is known or unknown."); *Developments In The Law—Competitive Torts*, 77 HARV. L. REV. 888, 911 (1964) (secondary meaning "requires a showing that consumers associate the term or symbol with a particular manufacturer or source."); R. Brown, *Design Protection: An Overview*, 34 U.C.L.A. L. REV. 1341, 1374 (1987) ("Source identification is still the bedrock of unfair competition."); 3 CALLMAN, *THE LAW OF UNFAIR COMPETITION, TRADEMARKS & MONOPOLIES* § 19.25, p. 125 (4th ed. 1983) (plaintiff claiming secondary meaning "must show that the primary significance of the term in the minds of the consuming public is not the product but the producer."); 1 J. MCCARTHY, *TRADEMARKS & UNFAIR COMPETITION* § 8:2, p. 285 (2d ed. 1984) ("[P]laintiff must prove that the public has come to associate the total 'image' of plaintiff's package with one source.").

⁶ Section 43(a) has also been "interpreted to entitle the first manufacturer of a product to an unregistered trademark in the 'trade dress' of its product." *Stormy Clime Ltd. v. Progroup, Inc.*, 809 F.2d 971, 974 (2d Cir. 1987). Trade dress may involve "the total image of a product and may include features such as size, shape, color or color combinations, texture [or] graphics." *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 980 (11th Cir. 1983).

Harv. L. Rev. 888, 915 (1964) (hereafter *Developments*). To accomplish its acknowledged legal end—protecting consumers from confusion as to source—secondary meaning has long been required in trade dress cases.⁷

The Fifth Circuit below has effectively eliminated secondary meaning as an essential element of protectable trade dress if the trade dress is shown to be “inherently distinctive.” The court, without any analysis or consideration of the different functions of registered trademarks and trade dress, has thereby adopted the same standard for trade dress as would apply to the statutory registration of a trademark.

Significantly, the court below did not address the differing common law underpinnings of trade dress as distinguished from the statutory requirements of trademark registration. Registration of a trademark on the Principal Register may be made where a mark is inherently distinctive and no showing of secondary meaning is required. However, registration of a trademark on the Principal Register provides the world with notice through a public register of such marks which may be consulted to avoid use of a confusingly similar mark. By contrast, trade dress, as discussed above, is unregistered, and its use and exploitation over time results in accumulated goodwill and/or established reputation emanating from the association between appearance of the product and its source or origin. This established public association is the only notice to competitors of the proprietary nature of such trade dress. It is such “good will” or “reputation” which is protected in the appropriate trade dress case. “Distinctive” appearance is merely one element and is clearly not a substitute for secondary meaning.

One commentator aptly highlighted the error of the “inherently distinctive” standard as follows:

To say that the overall design of a useful article is “inherently distinctive” of a particular source just by

⁷ See e.g., *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 F. 299 (2d Cir. 1917) (L. Hand, C.J.) (cited with approval in *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 157 (1989)) and cases cited at note 5, *supra*.

examining it and perhaps dissecting it, seems to me an impermissible exercise of intuitive judging. It substitutes an impression that the design is outstanding, or eccentric, or clever, or something, for the proofs of the association with a source, gained in the marketplace, that add up to a showing of secondary meaning.⁸

Prior decisions of this Court reflect a sensitivity to the avoidance of expansion of monopoly through the use of trademarks and hence an unwillingness to protect the appearance of a product simply because it looks to be distinctive. See *Bonito Boats*, 489 U.S. at 166. Moreover, this Court has made clear that, although, under federal unfair competition law, a manufacturer has a right “to be free from the competitive use of [its] words as a trade-mark or trade name . . . [t]his right of freedom does not confer a monopoly on the use of the words. It is a mere protection against their unfair use as a trade-mark or trade name by a competitor seeking to palm off his products as those of the original user of the trade name. *This right to protection from such use belongs to the user of a mark which has acquired a secondary meaning.*” *Armstrong Paint, supra*, 305 U.S. at 335-36 (emphasis added).⁹

⁸ R. Brown, *Design Protection: An Overview*, 34 U.C.L.A. L. REV. 1341, 1380 (1987).

⁹ See also, *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 F. 299, 301 (2d Cir. 1917) (L. Hand, C.J.):

Thus the plaintiff has the right not to lose his customers through false representations that those are his wares which in fact are not, but he may not monopolize any design or pattern, however trifling. The defendant, on the other hand, may copy the plaintiff's goods slavishly down to the minutest detail; but he may not represent himself as the plaintiff in their sale.

POINT II

A SECONDARY MEANING STANDARD IN TRADE DRESS CASES PRESERVES THE PUBLIC POLICY OF BALANCING FREE AND OPEN COMPETITION AND THE REWARDS OF GOODWILL GAINED IN THE MARKETPLACE

It is still the law that "[a]n unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so." *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231 (1964). In *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989), this Court reaffirmed Congress' policy, reflected in the trademark, patent and copyright laws,¹⁰ to "promote invention while at the same time preserving free competition." *Sears*, 376 U.S. at 230-31; *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).¹¹ The Seventh Circuit has observed that trademark monopolies must be restrained in order to preserve competition and consumer choice: "Because trademarks do not have fixed time limits like copyrights and patents, other and vaguer methods are used to cut them off at the point where their value as information about product origin is exceeded by their cost in impeding competition." *W.T. Rogers Co., Inc. v. Keene*, 778 F.2d 334, 347 (7th Cir. 1985).

¹⁰ "Indeed there are affirmative indications from Congress that both the law of unfair competition and trade secret protection are consistent with the balance struck by the patent laws . . . Congress has thus given federal recognition to many of the concerns which underlie the state tort of unfair competition and the application of *Sears* and *Compco* to non-functional aspects of a product which have been shown to identify source must take account of competing federal policies in this regard." *Bonito Boats*, 489 U.S. at 166.

¹¹ Congress intended the trademark laws to "protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and good will by preventing their diversion from those who have created them to those who have not." SEN. REP. NO. 1333, 79th Cong., 2d Sess. (1946), reprinted in 1946 U.S.C.C.A.N. 1274, 1275.

It is an understatement to say, as has one authority, that the rule adopted by the Fifth Circuit "is not without some difficulty for the courts," 3 Callman, *The Law of Unfair Competition, Trademarks & Monopolies* § 19.38, p. 364 (4th ed. 1983), and other circuit courts have required a showing of secondary meaning in trade dress cases precisely because any less stringent requirement would not protect the balance sought by Congress.¹² To require a showing of secondary meaning in connection with products and package design strikes the proper competitive balance by specifically limiting the monopoly rights granted under Section 43(a) of the Lanham Act to those aspects of a product which are necessary for identification of the source of the product and leaving the balance of the product's features where they rightfully belong—in the public domain.

POINT III

THE FIFTH CIRCUIT'S DECISION WILL HAVE A DESTRUCTIVE EFFECT ON COMPETITION

By declaring that trade dress which is "neither descriptive nor functional is *ipso facto* inherently distinctive" and protectable under Section 43(a), *Taco Cabana International, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1120 (5th Cir. 1991), cert. granted in part, 117 L. Ed. 130 (1992) (hereafter, *Taco Cabana*), the Fifth Circuit and others¹³ depart radically from

¹² *Stormy Clime, supra* at 978 ("courts must be sensitive to whether a grant of trade dress protection would close all avenues to a market that is otherwise open in the absence of a valid patent"); *Esercizio v. Roberts*, 944 F.2d 1235, 1241 (6th Cir. 1991); *First Brands Corp. v. Fred Meyer Inc.*, 809 F.2d 1378, 1382 (9th Cir. 1987) (competitive need for color yellow existed for antifreeze packaging industry, and color in combination with container design had not achieved secondary meaning); *American Greetings Corp. v. Dan-Dee Imports, Inc.*, 807 F.2d 1136, 1144 (3d Cir. 1986); *Prufrock Ltd., Inc. v. Lasater*, 781 F.2d 129, 133 (8th Cir. 1986) ("If an element of the trade dress is unrelated to the consumer demand for the product and serves merely to identify the source of the product, then a prohibition against imitation will not hinder honest competition.").

¹³ *Blau Plumbing, Inc. v. S.O.S. Fix-It, Inc.*, 781 F.2d 604 (7th Cir. 1986); *Ambrit, Inc. v. Kraft, Inc.*, 806 F.2d 974 (11th Cir. 1986).

traditional trade dress analysis and grant Section 43(a) trademark protection to first-time producers of product design and packaging, which have not acquired secondary meaning, and, hence, by definition cannot be associated in the market place with a specific source or origin.

In *Taco Cabana*, the Fifth Circuit determined that, since the jury found Taco Cabana's trade dress not merely descriptive and that the dress was "arbitrary, fanciful, or suggestive," *Taco Cabana*, 932 F.2d at 1120, n.8, that *therefore*, Taco Cabana was entitled "to protection without proof of secondary meaning." *Id.*

The readily apparent effect of the Fifth Circuit's holding on competitors is to provide Section 43(a) protection for every ostensibly new shape, appearance or image of a product or its packaging, and, arguably, for every new combination of descriptive or functional elements in a dress when taken as a whole, without a need to demonstrate that the "purchasing public 'associates' its design with a single producer or source rather than simply with the product itself." *Coach Leatherware Co., Inc. v. AnnTaylor, Inc.*, 933 F.2d 162, 168 (2d Cir. 1991) (citing *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 851, n.11 (1982)). Virtually any commonplace product in the supermarket or neighborhood drug store can now be a candidate for trade dress protection under the Fifth Circuit's standard. For example, if, as in the Fifth Circuit's prior case, *Chevron Chemical Co. v. Voluntary Purchasing Groups, Inc.*, 659 F.2d 695 (5th Cir. 1981), *cert. denied*, 457 U.S. 1126 (1982), a combination of color and design can be deemed "inherently distinctive" and protectable under Section 43(a),¹⁴ then *all* combinations

¹⁴ The Fifth Circuit upheld a "combination of [red and yellow], arranged in certain geometric designs, presented in conjunction with a particular style of printing, in such fashion that, taken together, they create a distinctive visual impression." *Id.* at 703; compare *First Brands Corp. v. Fred Meyer, Inc.*, 809 F.2d 1378, 1383 (9th Cir. 1987) ("Even if there were no competitive need for the color yellow in the anti-freeze packaging industry, [plaintiff] would have to prove that its yellow, F-style jug had acquired a secondary meaning.").

of color and design, when introduced into the market, are protectable, without the need to show secondary meaning. This is not and should not be the law.

As the Second Circuit has correctly observed, "Since trademark protection extends for an unlimited period, expansive trade dress protection for the design of products would prevent some functional [or descriptive] products from enriching the public domain. This threat is particularly great when . . . a first manufacturer seeks broad trade dress protection for a product on the ground that its arrangement of predominantly functional [or descriptive] features is distinctive." *Stormy Clime Ltd. v. Progroup, Inc.*, 809 F.2d 971, 978 (2d Cir. 1987). Similarly, in *In re D.C. Comics, Inc.*, 689 F.2d 1042, 1050-51 (C.C.P.A. 1982), Judge Nies, in a separate concurrence, emphasized:

I have found no precedent in decisions of this court, or others, which recognizes the protectibility of any *product* design as a trademark for that *product* without proof of distinctiveness, that is, distinctiveness as an indication of *origin*, not simply that it is a distinctive design in the sense of being unusual." (emphasis in original).

"It is a first principle of trademark law that an owner may not use the mark as a means of excluding competitors from a substantial market." *Wallace Int'l Silversmiths, Inc. v. Godinger Silver Art Co., Inc.*, 916 F.2d 76, 81 (2d Cir. 1990), *cert. denied*, 111 S.Ct. 1622 (1991); *Stormy Clime Ltd. v. Progroup, Inc.*, 809 F.2d 971, 978 (2d Cir. 1987); 3 Callman, *The Law of Unfair Competition, Trademarks & Monopolies* § 19.38, p. 363 (4th ed. 1983). If the Fifth Circuit rationale were affirmed, the initial user of any shape or design could and would cut off competition from products of like design and shape through the expanded monopoly power created by Section 43(a), even though such first-use products are not innovative enough to be patentable and not so distinctive *and* well-established in the marketplace as to have acquired secondary meaning. *Hearings*, pp. 528-29. Indeed,

much of what now exists and may exist in the future in the way of product design and packaging and which is neither purely descriptive nor functional could be monopolized upon its immediate introduction into the marketplace, notwithstanding that such design or packaging had not acquired any real trademark significance.

The unwarranted expansion of protection accorded by an "inherently distinctive" test for trade dress infringement would have a devastating effect on manufacturers, distributors, retailers and the American consumer. Certainly the public domain would suffer from foreclosure of new products. In testifying before the House Subcommittee on Courts, Intellectual Property, and the Administration of Justice, PLMA President, Brian Sharoff, in opposing a proposed design copyright bill, noted:

Packaging of familiar shapes and designs will be reserved to the first user through the simple expedient of a copyright registration. For example, familiar design features, such as childproof tops and squeeze dispensers for liquid products, could be effectively monopolized. Whole lines of replacement parts for common consumer items, such as replacement heads for mops and brooms, bags for vacuum cleaners, as well as many lines of private label household appliances, could be effectively eliminated by the proposed bill.

Hearings at p. 529.¹⁵

¹⁵ Mr. Sharoff was speaking against enactment of the proposed Industrial Design Anti-Piracy Act of 1989, H.R. 3017, a bill proposed in the House of Representatives (which was not voted out of committee), intended to broaden copyright protection of the design of "any useful article" sold in commerce. *Hearings*, pp. 30-32. But his comments are even more relevant here where registration is not involved and the protection rests on an *ex post facto* determination of distinctiveness. Additionally, the use of an "inherently distinctive" standard to expand trade dress protection would grant to the first user or manufacturer a monopoly on a product's design in perpetuity, instead of a mere 10 years, as was contemplated by H.R. 3017.

POINT IV

THE FIFTH CIRCUIT DECISION CREATES AN INTOLERABLE BURDEN ON COMPETITORS

It is important to recognize that protectable trade dress carries with it no registration requirement or other public notice of ownership. There is no regulatory mechanism for an initial determination of the distinctiveness (or lack thereof) of a product's trade dress. Accordingly, absent "secondary meaning," no notice of "inherent distinctiveness" is provided. A competitive entrant into a market has no ability to ascertain whether any unregistered product design or image is or is not in the public domain and no opportunity to modify or alter his design to avoid a later claim of trade dress infringement.

While the trademark, design patent and copyright laws provide a competitor with actual or constructive notice through registration of a name or product design, *see* 15 U.S.C.A. §§ 1052 & 1053 (1963 & Supp. 1991), 35 U.S.C.A. §§ 101 & 171 (1984), ordinarily, the inherent distinctiveness of a product's trade dress is determined only *after* a competitor has invested time and money developing and marketing a competing product. "Only public reaction to one's actual use of the design can lead to protection as a trademark." *In re D.C. Comics, Inc.*, 689 F.2d 1042, 1053 (C.C.P.A. 1982) (Nies, J., specially concurring). The deficiency of the Fifth Circuit's "inherently distinctive" approach is that it essentially substitutes the subjective impressions of the appearances of the product formed by the trier of fact in a single case—be it jury or judge—for the requisite evidentiary "association" with source or origin of the product formed over time in the marketplace.

Indeed, it is precisely when the competing product is used and becomes commercially successful and accepted that a claim of trade dress infringement is most likely to emerge. The "inherently distinctive" test will impose a significant financial burden upon competitors to effect a change in prod-

uct or packaging designs introduced at a time when there was no determination or knowledge that the original products or packaging would ultimately be found to be "inherently distinctive."¹⁶ Accordingly, PLMA submits it is the better policy, and one consistent with Congressional intent, to limit trade dress protection to that dress which is not only distinctive in appearance, but is also possessed of secondary meaning. In that way, the association in the marketplace between the distinctive appearance of the product or its packaging and its source or origin serves as public notice, and competitors can avoid imitative designs. Any other designs do not warrant trade dress protection and can be adequately protected by existing patent, trademark and copyright statutes.

This policy was implicitly endorsed by the Seventh Circuit in *W.T. Rogers Co., Inc. v. Keene*, 778 F.2d 334, 348 (7th Cir. 1985). In reversing a trade dress determination of the district court of the Western District of Wisconsin, the court observed:

What Rogers may fear of course is not the loss of an identifying mark but the loss of a competitive advantage stemming from the exclusive possession of a popular design; but to protect the intellectual property that consists not of an identifying mark but of a pleasing design a manufacturer must seek the aid of the design-patent law, with its stringent requirements and its 14-year limitation, and not the aid of the trademark laws.

¹⁶ See also *Shredded Wheat Co. v. Humphrey Cornell Co.*, 250 F. 960, 965 (2d Cir. 1918) (L. Hand, C.J.) ("The question is always commercial; we ought not to impose any burdens which, either by changing the appearance of the article itself, or by imposing expense upon its production, will operate to give the plaintiff such advantage in the market as will substantially handicap his competitors.").

CONCLUSION

For all of the foregoing reasons, this Court should reverse the Fifth Circuit determination to the extent that the Court below held that trade dress protection is available without establishing secondary meaning.

Respectfully submitted,

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